

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-163

March 30, 1999

CONSUMERS MAINE WATER COMPANY
Application for Approval of Issue
of Securities (§ 902, § 1101) (\$2,500,000 & \$600,000)

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

On March 12, 1999, Consumers Maine Water Company (the Company) filed with the Commission its application for authority to issue its Series H tax exempt first mortgage bonds in a sum not to exceed \$2,500,000 using the Town of Bucksport as the tax exempt conduit, at a coupon rate not to exceed 6.0 percent. The debt is expected to have final maturity of either 25 or 30 years, with no principal payment until maturity. The issue will be underwritten by Edward D. Jones and Company. The Company also requests approval of its Series I first mortgage bond to be issued through the Maine Municipal Bond Bank under the State Revolving Loan Fund in a sum not to exceed \$600,000. According to the Maine Municipal Bond Bank (the Bond Bank), this note will have an annual rate not to exceed 5.0 percent for a term not to exceed 20 years. Due to the fact that these transactions involve the issuance of first mortgage bonds, the Company also requires our approval to mortgage utility property pursuant to M.R.S.A. 35-A §1101. This Order approves the Company's request.

The Company requires these funds to permanently finance capital improvements made to the Company's Bucksport and Hartland Divisions, principally to comply with the Safe Drinking Water Act. At the present time, these improvements have been funded through the Company's short term line of credit. Due to the tax exempt rate on the Series H bond and the Bond Bank's current low rates, the Company's financing costs will not exceed the current short-term interest rates and may well decrease despite the proposed long-term maturity. If

costs are indeed reduced, Consumers will be required to pass any savings on to its customers, as agreed in the stipulation in Docket No. 96-739, Consumers Maine Water Company, Proposed General Rate Increase of Bucksport and Hartland Divisions.

Having reviewed the application of the Company, together with data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the bonds are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. In approving these securities issues, consistent with normal practice and pursuant to section 902(4), the Commission does not imply approval of the Company's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, we

O R D E R

1. That the Consumers Maine Water Company is hereby authorized to issue its Series H tax exempt first mortgage bonds or notes in anticipation thereof in a sum not to exceed \$2,500,000 to be used solely for the purposes described in this Order, and at a coupon rate not to exceed 6.0 percent per year using the Town of Bucksport as the tax exempt conduit, for a term not to exceed 30 years, to be underwritten by Edward D. Jones and Company. We further certify that no other permits, issuances or approvals for the

improvements to be financed with the Series H tax exempt first mortgage bonds are required from the Commission.

2. The Company is also hereby authorized to issue its Series I first mortgage bond through the Maine Municipal Bond Bank under the State Revolving Loan Fund in a sum not to exceed \$600,000 to be issued solely for the purposes described in this Order, at a rate not to exceed 5.0 percent per year for a term not to exceed 20 years.

3. The Company will pass through to its customers any savings realized as a result of these transactions consistent with the provisions of the stipulation approved in Docket No. 96-739, Consumers Maine Water Company, Proposed General Rate Increase of Bucksport and Hartland Divisions.

4. That the Company report to the Commission, in writing, its actions pursuant to this Order within sixty (60) days of the date of the issue of the proposed bonds, or by July 30, 1999 whichever may come first.

5. That a copy of this Order be mailed to interested parties and this Docket be closed.

Dated at Augusta, Maine, this 30th day of March, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.